

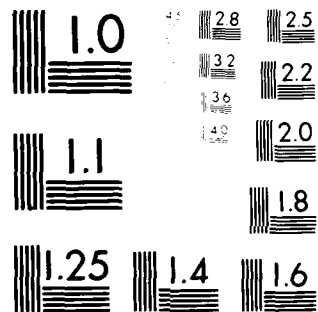
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USE OF NEW AND MINORITY-OWNED ARCHITECTURAL AND ENGINEERING FIR--ETC(U)  
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LEVEL II  
UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

PROCUREMENT, LOGISTICS,  
AND READINESS DIVISION

B-205232

OCTOBER 30, 1981

The Honorable Ronald V. Dellums  
House of Representatives

Dear Mr. Dellums:

Subject: Use of New and Minority-Owned Architectural  
and Engineering Firms By Selected Army and  
Navy Activities (PLRD-82-7)

In your August 29, 1980, letter, you expressed an interest in the contract award process for architectural and engineering (A/E) services by the Departments of the Army and Navy. You stated that your Office had received allegations from new and minority-owned firms that (1) A/E contract awards are confined to a relatively small group of contractors and (2) new and minority-owned firms have from little to no success in being seriously considered for A/E contract awards.

As agreed with your Office, we began our inquiry into the Army's and Navy's A/E contract award process in January 1981 and limited our coverage to fiscal year 1980 selections by two activities in your area--the Naval Facilities Engineering Command's (NAVFAC's) Western Division and the Army Corps of Engineers' Sacramento District. As also agreed, we directed our review to the preselection and selection processes for direct A/E awards, not awards made under the Small Business Administration's 8(a) set-aside program for socially and economically disadvantaged firms. As your Office requested, we also obtained a breakdown, by ethnic category, of minority-owned firms participating in the A/E contract award process for those fiscal year 1980 selections we reviewed (see enc. II).

The results of our review are summarized below and are discussed in more detail in enclosure I.

ALLEGATION: A/E AWARDS ARE CONFINED TO A  
RELATIVELY SMALL GROUP OF CONTRACTORS

On the basis of A/E contracts awarded by the two Department of Defense (DOD) activities during fiscal year 1980, it does not appear that such awards are confined to a relatively small group of contractors as alleged. During fiscal year 1980, 146 different firms shared in the 175 A/E contracts awarded by NAVFAC's Western Division and 84 different firms shared in the 94 A/E contracts awarded by the Corps' Sacramento District. (See p. 6.)

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ALLEGATION: MINORITY-OWNED FIRMS  
RECEIVE LITTLE CONSIDERATION FOR AWARDS

Our sample of A/E awards by the two activities during fiscal year 1980 indicates that minority-owned firms received awards in a ratio (that is, comparison of successful firms to those submitting proposals) that was comparable to non-minority-owned firms.

In our sample of 30 contracts awarded during fiscal year 1980 by NAVFAC's Western Division, we found that 20 percent of the minority-owned firms requesting consideration for the awards made the Division's preselection list as the top candidates for the awards and 4.4 percent of those requesting consideration eventually were winning firms. For non-minority-owned firms, these percentages were 27.1 and 5.6. (See p. 7.)

In our sample of 25 contracts awarded during fiscal year 1980 by the Corps' Sacramento District, we found that 15.8 percent of the minority-owned firms requesting consideration for the awards made the District's preselection list as the top candidates for the awards and 3 percent of those requesting consideration eventually were winning firms. For non-minority-owned firms, these percentages were 14.7 and 2.7. (See p. 7.)

ALLEGATION: NEW FIRMS RECEIVE  
LITTLE CONSIDERATION FOR AWARDS

Our sample of fiscal year 1980 A/E awards by the two activities indicates that prior A/E experience with the activities helps firms in their success on subsequent contracts but such experience is not essential. New firms, that is, those with no prior A/E contracts with the activities during the past 8 years, received 34 percent of the Western Division's A/E contracts awarded during fiscal year 1980 and about 46 percent of the Sacramento District's A/E contracts awarded during this same time frame.

In our sample of 30 contracts awarded by the Western Division, about 60 percent (322 of 544) of the firms requesting consideration for the contracts were new firms. Sixty-seven (about 21 percent) of the new firms were determined by the Division to be among the top candidates for the 30 contracts and 6 eventually were winning firms. For the 222 firms with prior Division A/E contract experience requesting consideration for the 30 contracts, 77 (about 35 percent) were determined to be among the top candidates and 24 eventually were winning firms. (See p. 11.)

In our sample of 25 contracts awarded by the Sacramento District, about 72 percent (662 of 917) of the firms requesting consideration for the contracts were new firms. Ninety-two (about 14 percent) of the new firms were determined by the District to be among the top candidates for the 25 contracts and 15 eventually were winning firms. For the 255 firms with prior District A/E

contract experience requesting consideration for the 25 contracts, 44 (about 17 percent) were determined to be among the top candidates and 10 eventually were winning firms. (See p. 11.)

**UNSUCCESSFUL CANDIDATES BELIEVE  
FEEDBACK IS INSUFFICIENT**

During our review, we interviewed officials in selected firms doing business with the Western Division and the Sacramento District to obtain comments on their experiences with these two activities and on improvements they believed were needed. The officials, including those in both minority-owned and non-minority-owned firms, believed they were not getting sufficient feedback from the Corps and NAVFAC as to why their proposals were unsuccessful. Sacramento District and Western Division officials agreed that this is a problem. They felt personnel limitations hindered better feedback, but improvements may be possible. (See pp. 14 and 15.)

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As arranged with your Office, we are sending copies of this report to the Secretaries of Defense, the Army, and the Navy. Copies will also be made available to other interested parties upon request.

Sincerely yours,

*Donald J. Horan*

Donald J. Horan  
Director

Enclosures - 2

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RESULTS OF REVIEW OF A/E SELECTION PROCEDURES  
BY THE ARMY CORPS OF ENGINEERS' SACRAMENTO DISTRICT  
AND NAVFAC'S WESTERN DIVISION

BACKGROUND

Federal policy requires that minority-owned firms be given Government A/E contract opportunities. Public Law 95-507, Title II, Chapter 2, states:

"It is the policy of the United States that small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals, shall have the maximum practicable opportunity to participate in the performance of contracts let by any Federal agency."

All A/E contracts exceeding \$10,000 must contain the above statement. The Small Business Administration has defined small business concerns for A/E services using two different size standards for A/E firms as follows:

- Firms providing primarily architectural services are firms and their affiliates having average annual sales or receipts which must not exceed \$2 million in their preceding 3 fiscal years.
- Firms providing primarily engineering services are firms and their affiliates having average annual receipts which must not exceed \$7.5 million in their preceding 3 fiscal years.

According to the law, socially and economically disadvantaged individuals mean a small business concern (1) which is at least 51-percent owned by one or more socially and economically disadvantaged individuals, including Black Americans, Hispanic Americans, Native Americans, and other minorities, and (2) whose management and daily business operations are controlled by one or more such individuals.

Public Law 92-582 establishes Federal policy concerning the selection of firms and individuals to perform architectural, engineering, and related services for the Federal Government. Agencies are required to publicly announce all requirements for A/E services and to negotiate contracts for these services on the basis of demonstrated competence and qualification for the type of services required. The law requires there be discussions with no less than three firms and that the selection be made in order of preference based on the published criteria.

To be considered for Corps and NAVFAC A/E awards, each firm submits a Standard Form 254, Architect-Engineer and Related Services Questionnaire, a statement of qualifications and performance data. The form also identifies whether the firm is minority-owned.

Corps and NAVFAC design projects are advertised publicly in the Commerce Business Daily. Interested firms that want to be considered for these projects submit Standard Forms 255, Architect-Engineer Related Services Questionnaire for Specific Project. To narrow the field of candidates, both agencies use preselection and selection boards. The preselection boards, consisting of three (Western Division) to nine (Sacramento District) senior architects, engineers, and other staff, review the qualifications of the firms submitting Standard Forms 255 and then compile a list (referred to as a "short-list") of names, usually six, for referral to the selection board as the top candidates for the selection. The selection boards, consisting of three (Western Division) to six (Sacramento District) other senior staff, evaluate these firms' qualifications and determine and rank the three best qualified. Evaluation criteria prescribed by the Defense Acquisition Regulations and used by both boards are:

- Specialized experience of the firm in the type of work required.
- Capacity of the firm to accomplish the work in the required time.
- Past experience, if any, of the firm regarding performance on DOD contracts.
- Location of the firm in the general geographic area of the project, provided there is an appropriate number of qualified firms therein for consideration.
- Volume of work previously awarded the firm by DOD with the object of effecting an equal distribution of DOD A/E contracts among qualified firms, including minority-owned firms and firms that have not had prior DOD contracts.

We were told that the relative importance of each of the above factors tends to fall within the order in which they are listed above. For example, the Corps of Engineers usually weighs specialized experience twice as high as the other factors in its selection board evaluations.

#### OBJECTIVES, SCOPE, AND METHODOLOGY

Our objectives were to determine whether (1) A/E contracts are confined to a small number of firms and (2) the success, or

ENCLOSURE I

ENCLOSURE I

lack of success, new and minority-owned firms have in being considered during the selection process for contract awards.

We reviewed and discussed with selected officials at the Corps of Engineers' South Pacific Division and Sacramento District and NAVFAC's Western Division, policies, procedures, and practices used in selecting A/E firms. We also interviewed selected A/E firms (minority and non-minority owned) which had submitted proposals on two or more of the sampled A/E selections but had not made the preselection short-list in one or both agencies. We randomly sampled fiscal year 1980 A/E selections at the Corps' Sacramento District and NAVFAC's Western Division to evaluate the participation and success of new and minority-owned firms in the selection processes. Also, at both locations, we analyzed award histories for all firms awarded A/E contracts during fiscal year 1980 to determine whether they were confined to a relatively small group of contractors.

We used a questionnaire to determine the ethnic category of ownership for those A/E firms not listed in the 1981 Directory of Minority- and Women-Owned Architectural and Engineering Firms published by the American Consulting Engineers Council. With your concurrence, we pledged that responses would remain confidential within the General Accounting Office.

NUMBER OF A/E CONTRACTORS  
RECEIVING AWARDS

During fiscal year 1980, NAVFAC's Western Division made 175 A/E contract awards to 146 different firms. The Corps' Sacramento District made 94 awards to 84 different firms. The following schedule shows a breakdown of the participation in these 269 awards.

<u>FY 1980 awards</u>	<u>Western Division</u>		<u>Sacramento District</u>	
	<u>No. of firms</u>	<u>No. of awards</u>	<u>No. of firms</u>	<u>No. of awards</u>
Firms receiving 1 award	121	121	76	76
Firms receiving 2 awards	22	44	7	14
Firms receiving 3 awards	2	6	-	-
Firms receiving 4 awards	<u>1</u>	<u>4</u>	<u>1</u>	<u>4</u>
Total	<u>146</u>	<u>175</u>	<u>84</u>	<u>94</u>



**CONSIDERATION GIVEN TO  
MINORITY-OWNED FIRMS IN  
AWARDING A/E CONTRACTS**

Defense Acquisition Regulations and NAVFAC and Corps regulations state that contracts will be equitably distributed among qualified firms, including minority-owned firms. Both NAVFAC and the Corps have outreach programs to obtain greater participation in the A/E award process by new minority-owned firms.

In our sample of 30 A/E awards by NAVFAC's Western Division and 25 by the Corps' Sacramento District during fiscal year 1980, we found that minority-owned firms received awards from the two activities in a comparable ratio to non-minority-owned firms. The following schedule shows a breakdown of firms, both minority owned and non-minority owned, requesting consideration for A/E awards and their success rate in getting such awards.

<u>Western Division</u>	<u>Firms requesting consideration</u>	<u>Firms pre- selected (note a)</u>		<u>Winning firms</u>	
		<u>No.</u>	<u>Percent</u>	<u>No.</u>	<u>Percent</u>
Minority-owned	45	9	20.0	2	4.4
Non-minority-owned	<u>499</u>	<u>135</u>	<u>27.1</u>	<u>28</u>	<u>5.6</u>
Total	<u>554</u>	<u>144</u>	<u>26.0</u>	<u>30</u>	<u>5.4</u>
<u>Sacramento District</u>					
Minority-owned	101	16	15.8	3	3.0
Non-minority-owned	807	119	14.7	22	2.7
Unknown	<u>9</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>917</u>	<u>136</u>	<u>14.8</u>	<u>25</u>	<u>2.7</u>

a/Preselected firms are those determined to be the top candidates among those requesting consideration.

**Minority-owned firms selection  
by the Western Division**

As shown in the schedule above, a smaller ratio of minority-owned firms than non-minority-owned firms (20 percent compared to 27.1 percent) made the preselection list, but their ratio for being selected once they made the list was higher than non-minority-owned firms (2 of 9, or 22.2 percent, compared to 28 of 135, or 20.7 percent).

Western Division personnel responsible for small and disadvantaged business firm activities said that their basic outreach efforts consist of explaining A/E award procedures at congressional procurement conferences held 10 to 15 times each year. They also said that, about 2 years ago, NAVFAC held an open house for minority- and women-owned A/E firms to explain NAVFAC A/E contracting procedures. Although NAVFAC expected to handle representatives from 600 firms, only 200 attended. NAVFAC officials speculated that many minority firms did not attend because they were already familiar with NAVFAC procedures.

Enclosure II shows that, for the 30 Western Division contracts, 31 minority-owned firms with no prior award histories submitted Standard Forms 255 to NAVFAC, but only 2 had black ownership. Neither of these 2 firms made the preselection short-list. Western Division officials stated that few minority-owned firms apply for A/E contracts. One official said he knew of only one black-owned firm that is headed by a mechanical or structural engineer, disciplines often looked for in evaluating A/E firms.

Minority-owned firms selection  
by the Sacramento District

As shown in the schedule on page 7, a greater ratio of minority-owned firms than non-minority-owned firms (15.8 percent compared to 14.7 percent) made the District's preselection list for the 25 contracts sampled. Also, a slightly higher ratio of minority-owned firms making the preselection list were selected (3 of 16, or 18.8 percent, compared to 22 of 119, or 18.5 percent).

As shown in enclosure II, 84 firms without previous Sacramento District awards, including 17 firms with black ownership, were identified in our sample. Only 6 percent (1 firm) of the black-owned firms made the preselection list, compared to 26 percent (15 firms) for other minority-owned firms. According to the Corps' records, in most cases, black-owned firms did not make the preselection list because they had marginal experience to do the work (7 firms) or were out of the geographic area for selection (4 firms).

Corps' efforts to obtain greater  
minority-owned firm participation

The Corps of Engineers, South Pacific Division, recognizes the need for greater participation by minority-owned firms in A/E work awarded by its district offices. Corps officials told us their outreach efforts include:

- Reviewing upcoming projects to determine whether they can be performed by small and disadvantaged business firms.

- Sending advance notice of projects to minority-owned firms.
- Discussing with firms how they can become more competitive.
- Attending meetings and conferences to explain the Corps' A/E application and award procedures.

Also, revised policies and procedures to afford minority-owned firms greater participation were set forth in Commerce Business Daily announcements, however, as of July 1981, the procedures for implementing them had not been defined.

In February 1981, the South Pacific Division provided guidance to its districts in applying Public Law 95-507 to increase participation by minority-owned A/E firms in contracting activities. The guidance was to provide for uniformity in Commerce Business Daily advertisements in describing DOD's policy regarding the equitable distribution of contracts among qualified A/E firms, including minority/disadvantaged firms. The Division made the following statements mandatory, as applicable, in future advertisements for A/E services.

For all A/E contracts set aside for small business, the advertisements should state:

"Consistent with the Department of Defense Policy of effecting an equitable distribution of contracts among qualified architect-engineer firms including small disadvantaged (minority) owned firms and firms that have not had prior DOD contracts (\* \* \*) qualified small disadvantaged firms will receive consideration during selection and, all other selection criteria evaluations being equal, small disadvantaged firm status or small disadvantaged firm participation in a joint venture may become a determining factor for selection. Therefore, all offerors' submittals should specifically identify in the appropriate portions of the SF [Standard Form] 255 all proposed small disadvantaged firm participation in the proposed activity to be accomplished by the contractor."

For A/E contracts not set aside for small business, the advertisements should state:

"All interested contractors are reminded that in accordance with the provisions of PL [Public Law] 95-507, they will be expected to place subcontracts to the maximum practicable extent consistent with the efficient performance of the contract with small and

small disadvantaged firms. The plans to do so should be specified with the SF 255 submittal and will be evaluated during the selection process under the 'equitable distribution' criteria (\* \* \*) and, all other selection criteria evaluations being equal, may become a determining factor for selection."

Although current Commerce Business Daily announcements contain the wording in the policy statements above, the procedures for implementing the above statement dealing with set-asides for small businesses have not been finalized. The Sacramento District uses a point system in determining the winning firm in the selection process. Firms are given points and ranked on the basis of experience, capacity, past performance, geographic location, and prior DOD contracts. No specific consideration is given to minority status. The firm scoring the highest number of points is ranked the number 1 firm. Sacramento District officials said they interpret the above statement regarding set-asides for small business to mean, if there is a tie in the final scoring and one of the firms is minority-owned, it will be awarded the contract.

Final scores are expressed in terms of a tenth of a point. In our analysis of the 25 fiscal year 1980 selections by the Sacramento District, there were no ties in points for the number 1 firm, although there were ties for 2d, 4th, and 5th places. Sacramento District officials conceded that the chance for a tie for first place with one firm being minority owned would be remote.

A South Pacific Division official said he favored awarding extra points to minority-owned firms. However, Sacramento District engineers question the legality of such a practice. As of July 1981, procedures for implementing such a policy in the selection process had not been defined.

#### CONSIDERATION GIVEN TO NEW FIRMS IN AWARDING A/E CONTRACTS

Defense Acquisition Regulations and NAVFAC and Corps regulations state that efforts must be made to bring in new firms. During fiscal year 1980, 34 percent of the contracts awarded by NAVFAC's Western Division went to firms that had not received an award from the Division during the past 8 years (1972-1980). During the same time frame, 46 percent of the contracts by the Corps' Sacramento District went to firms that had not received an award from the District during the past 8 years.

In our sample of 30 A/E awards by the Western Division and 25 by the Sacramento District during fiscal year 1980, we found that prior A/E experience with the two activities helps firms in their success on subsequent awards, but such experience is not

## ENCLOSURE I

## ENCLOSURE I

essential. The following schedule shows a breakdown of firms, with and without prior experience with the two activities, that requested consideration for A/E awards during fiscal year 1980 and their success rate in getting such awards.

<u>Western Division</u>	<u>Firms requesting consideration</u>	<u>Firms preselected</u>		<u>Winning firms</u>	
		<u>No.</u>	<u>Percent</u>	<u>No.</u>	<u>Percent</u>
Firms with no prior awards (note a)	322	67	20.8	6	1.9
Firms with prior awards	<u>222</u>	<u>77</u>	<u>34.9</u>	<u>24</u>	<u>10.8</u>
Total	<u>544</u>	<u>144</u>	<u>24.6</u>	<u>30</u>	5.5
<u>Sacramento District</u>					
Firms with no prior awards (note a)	662	92	13.9	15	2.3
Firms with prior awards	<u>255</u>	<u>44</u>	<u>17.3</u>	<u>10</u>	<u>4.0</u>
Total	<u>917</u>	<u>136</u>	<u>14.8</u>	<u>25</u>	2.7

a/No A/E contract awards by the activity between 1972 and 1980.

Selection of new firms  
by the Western Division

As shown in the schedule above, a somewhat smaller ratio of new firms (that is, those with no prior Division experience in the past 8 years) made the Western Division's preselection list of top candidates than did firms with prior Division experience. Also, a much smaller ratio of new firms was selected the winning firm.

NAVFAC's policy is that substantial efforts must be made to bring in new A/E firms. Its regulations state that firms receiving awards of \$100,000 or more in the current and/or preceding calendar years normally will be excluded from the selection process, if other qualified firms are available. Also, each NAVFAC Engineering Field Division (for example, the Western Division) is supposed to have established procedures to provide the capability to monitor progress in awarding contracts to new firms, including minority-owned firms.

The Western Division does not monitor its progress on awarding A/E contracts to new firms. In evaluating a firm for potential selection and determining whether it is new, the

Division considers only whether it has awarded any contracts to the firm in the current and prior fiscal years. Thus, firms having never received an A/E award from the Division are considered for A/E awards the same as those which have not received an award during the current and prior calendar years.

We found that for 13 of the 30 selections we sampled, or 43 percent, Western Division included firms as award candidates even though they had been awarded contracts which exceeded the \$100,000 current and preceding calendar year limitation. Division records did not show whether it was necessary to consider these firms because other qualified firms were not available. According to Division officials, the \$100,000 limitation on prior awards is too low to exclude firms from competition and NAVFAC will increase this limitation soon.

Despite NAVFAC's policy of making substantial efforts to bring in new A/E firms, Division officials stated that prior experience with Navy A/E contracting procedures is an important factor in their selection process. Preselection and selection board chairmen and other Division officials said they are inclined to select firms that have had prior Navy contracts, particularly if the project involves high A/E fees or time constraints.

For the 175 awards by the Western Division during fiscal year 1980, 60 went to firms which had no prior experience with the Division from 1972 through 1980, 90 went to firms which had 1 to 5 awards during this same period, 20 went to firms which had 6 to 10 awards during the 8-year period, and 5 went to firms which had 11 to 20 awards during the 8-year period.

Selection of new firms  
by the Sacramento District

As shown in the schedule on page 11, a smaller ratio of new firms (that is, those with no prior District experience in the past 8 years) made the Sacramento District's preselection list of top candidates than did firms with prior District experience. Also, a smaller ratio of new firms was selected the winning firm.

According to Corps policy, the volume of work previously awarded to a firm by DOD will be a consideration in the selection process. The objective is to effect an equitable distribution of A/E contracts among qualified firms, including minority-owned firms, that have not had prior DOD contracts.

Although the Sacramento District has awarded a large percentage of its A/E contracts to firms new to the Sacramento District, we found no procedures or practices in the preselection or selection processes which gave special consideration to qualified firms,

including minority-owned firms, that have not had prior DOD contracts. As mentioned previously, the Sacramento District has an outreach program to obtain greater participation by minority-owned firms. However, there is no system for monitoring awards to new firms.

During preselection screening, the Sacramento District generally rejects those firms with large DOD workloads. The selection board evaluates each firm on the basis of whether it has been awarded DOD contracts within the preceding 12 months, but does not go back further to determine those firms that have not had prior DOD awards. Firms which received no DOD contracts within the past 12 months received a higher score than those which did receive contracts. Those firms which have not received a DOD award in the prior 12 months receive the same score as a firm that has never received a DOD award.

For the 94 awards by the Sacramento District during fiscal year 1980, 43 (about 46 percent) went to firms which had no prior experience with the District from 1972 to 1980, 44 went to firms which had 1 to 5 awards during this same 8-year period, and 7 went to firms which had 6 to 9 awards during the 8-year period.

#### COMMENTS AND OPINIONS OF PARTICIPATING FIRMS

We interviewed 12 firms, 10 of which were minority owned, to obtain their opinions and comments on their experiences with the Corps' and NAVFAC's A/E selection policies and procedures. Generally, we chose firms from the selections sampled which had not been ranked number 1, or, in most cases, made the preselection short-list. However, upon interview, we found that some of the firms had been successful in receiving DOD contracts other than those we sampled.

Several of the minority-owned firms felt that outreach programs which attempt to explain the selection and award processes were too generalized and oversimplified to be useful.

Eight of the 10 minority-owned firms interviewed said they believed that new, minority-owned firms were less competitive than old, minority-owned firms in the A/E selection process. Five of these firms said they believed that the boards would be more inclined to deal with known firms rather than new firms. But one of these firms believed its minority status helped in the selection process. The others felt that new minority-owned firms were disadvantaged because of a lack of experience and/or capacity to do the work. One firm described that lack of experience as a "Catch-22" situation, that is, it could not gain adequate experience unless it was awarded contracts. Other firms mentioning inadequate experience to do the job made similar

comments. One of the two non-minority-owned firms interviewed had no opinion on this subject, the other firm believed that minority-owned firms had the advantage since this information is requested on the Standard Form 254.

Five of the minority-owned firms were satisfied with the reasons they had received as to why they were not selected for past A/E contracts, three did not know why they were unsuccessful, and two were dissatisfied with the explanations they had been given.

One of these firms charged that Corps' selection practices were discriminatory against minority-owned firms. The firm said it had submitted 20 to 25 Standard Forms 255 to the Corps in the past 2 years without success and that it applies only when it feels qualified and the project is within its area of expertise. The other dissatisfied firm had similar comments.

In summary, 7 of the 10 minority-owned firms and both non-minority-owned firms expressed overall satisfaction with their experiences with the Western Division. Only two (minority-owned) of nine firms with Corps experience expressed satisfaction in their dealings with the Corps' Sacramento District.

#### Feedback to unsuccessful candidates

All 12 firms we interviewed were dissatisfied with the lack of feedback on the status of their Standard Forms 255, particularly with Western Division's lack of feedback to firms not making the preselection short-list. None of the firms said they had received notice as to the status of their submissions unless they requested it. Half of the firms were unaware of the agencies' debriefing practices.

The Corps' Sacramento District notifies all firms by letter that do not make the preselection short-list. Upon request, the Chief of the A/E Negotiations Section will debrief those firms not making the list. Discussions are limited to the firms' strengths and weaknesses in terms of the quality of the Standard Form 255 submittal. Comparisons between firms are not permitted. Firms making the selection list, but not ranked number 1, are debriefed by the selection board chairman. Corps regulations require that all firms with whom discussions have been held will be advised of their status.

The Western Division does not notify firms that do not make the preselection list of their status. Western Division officials said they are aware of applicants' complaints and will consider sending standardized notices, if staffmembers are available, as soon as they have word processing capability.



ENCLOSURE I

ENCLOSURE I

Officials at both the Western Division and the Sacramento District recognize the need for better feedback to unsuccessful firms. A District official suggested that the availability of debriefings could be announced with the project in the Commerce Business Daily or included in the form letter advising firms they did not make the preselection list. However, both activities believed that increases in the number of debriefings would overburden available staff.

## ENCLOSURE II

## ENCLOSURE II

BREAKDOWN, BY ETHNIC CATEGORY, OF THOSE MINORITY-OWNED FIRMS PARTICIPATING IN THE A/E AWARDSIN GAO's REVIEW SAMPLE

	Minority-owned firms requesting consideration Corps      NAVFAC (note a)   (note b)		Minority-owned firms preselected Corps      NAVFAC		Minority-owned firms selected #1 Corps      NAVFAC	
<u>Minority-owned firms with no prior award histories (new) for period 1972-1980</u>						
Black	5					
Black/White	4	1	1			
Black/Asian	2					
Black/Hispanic	2	1				
Black/Asian/Hispanic/ White	4					
Hispanic	15	6	3			
Hispanic/White	2	1				
Asian	13	8	4	3		1
Hispanic/Asian		1				
Hispanic/White	5	2	3	1		
Asian/Hispanic/White	1	1	1		1	
Asian/Black/Hispanic		1				
Native American	4	1				
Native American/White	1					
Native American/Asian		1		1		
Unknown	26	7	—	1	—	—
Total	84	31	12	6	1	1
<u>Minority-owned firms with prior award histories (old) for period 1972-1980</u>						
Hispanic	3	2	1			
Hispanic/White	6	3	2		1	
Asian	2	4		1		
Asian/White	2	1				
Asian/Hispanic/White	3		1		1	
Unknown	1	4	—	2	—	1
Total	17	14	4	3	2	1
Total	101	45	16	9	3	2

a/Data based on sample of 25 contract awards by the Corps' Sacramento District

b/Data based on sample of 30 contract awards by NAVFAC's Western Division.

